



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

June 25, 2004

The Honorable Tom Horne  
Superintendent of Public Instruction  
Arizona Department of Education  
Executive Officer  
Arizona State Board of Education  
1535 West Jefferson Street  
Phoenix, AZ 85007

**Subject: Kayenta Unified School District No. 27**

Dear Mr. Horne:

In our October 10, 2003, letter to you, we requested that the Arizona State Board of Education take action on Kayenta Unified School District No. 27 because the District had not complied with the *Uniform System of Financial Records* (USFR).

We subsequently performed a status review of the District's internal controls as of May 6, 2004. Our review covered the deficiencies we had previously communicated to management and deficiencies included in the District's June 30, 2003, audit reports and USFR Compliance Questionnaire, as well as other internal control deficiencies we were aware of at the time of our review. The purpose of our status review was to determine whether the District was in substantial compliance with the USFR as of the date of our review. Our review consisted primarily of inquiries and selective testing of accounting records and control procedures. The review was more limited in scope than would be necessary to express an opinion on the District's internal controls. Accordingly, we do not express an opinion on its internal controls or ensure that all deficiencies were disclosed.

Overall, the District has been diligent in taking action to substantially correct its deficiencies. One of the more serious deficiencies we noted in our previous report was that the District did not maintain accurate capital assets and stewardship lists. Our status review noted that the District was still in the process of correcting this deficiency. However, the District had made significant progress in this area at the time of our review. The District should continue to work on this area to ensure that its corrective action is completed.

Based on our status review the District has complied with the USFR.

The Honorable Tom Horne

June 25, 2004

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If you have questions concerning this matter, please call Magdalene Haggerty, Accounting Services Director, or me at (602) 553-0333.

Sincerely,

Debra K. Davenport  
Auditor General

DKD/MH/ms

cc: Governing Board

Mr. William Allsbrooks, Superintendent

Kayenta Unified School District No. 27

The Honorable Alicia Brown, Navajo County School Superintendent

Ms. Christy Farley, Executive Director

Arizona State Board of Education

Ms. Vicki G. Salazar, Associate Superintendent of Financial Services

Arizona Department of Education